

REPORT OF THE JOINT COMMITTEE ON BUDGET AND TRANSPORTATION AND PLANNING

Voting Members:

Joey Manahan, Chair; Ikaika Anderson, Chair;
Brandon J.C. Elefante, Carol Fukunaga, Ann H. Kobayashi, Kymberly Marcos Pine

Committee Meeting Held
August 31, 2017

Honorable Ron Menor
Chair, City Council
City and County of Honolulu

Mr. Chair:

Your Joint Committee on Budget and Transportation and Planning, which considered Bill 45 (2017) entitled:

"A BILL FOR AN ORDINANCE RELATING TO THE TRANSPORTATION SURCHARGE,"

which passed second reading and was the subject of a public hearing at the May 10, 2017 Council meeting, reports as follows:

The purpose of Bill 45 (2017) is to amend the ordinances pertaining to the county surcharge on general excise and use taxes.

The Vice Chair of the Board of Directors of HART testified in support of the Bill stating that HART's Board will continue to be vigilant in looking for cost-saving measures for the Honolulu High Capacity Transit project.

The Mayor of Honolulu testified in support of the Bill, thanking the City Councilmembers, particularly those who were part of the Permitted Interaction Group ("PIG"), for teaming together and pushing for the passage of the General Excise Tax ("GET") surcharge extension. Although not perfect, Senate Bill No. 4, will provide necessary monies for the on-going construction cost of HART's project. The Bill will generate approximately 2.3 - 2.4 billion dollars through a three year GET extension and a one-percent increase in Transient Accommodation Tax ("TAT") for 13 years. The Mayor

CITY COUNCIL

CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ADOPTED ON **SEP 06 2017**

COMMITTEE REPORT NO. **343**

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informed the Committee that he will sign Bill 45 (2017) once the Bill passes out of Full Council on September 6, 2017, in order for HART to submit their updated financial plan to the Federal Transit Authority before the September 15, 2017 deadline.

The Interim Executive Director and Chief Executive Officer of HART testified in support of the Bill.

Comments were received from one individual.

Your Committee amended the Bill to a hand-carried CD1 version that makes the following amendments:

- A. In Section 2 of the bill, amends ROH Section 6-60.2(b) to reflect the prohibitions on the use of the county surcharge established in S.B. No. 4 (2017), Section 7. Makes the same conforming amendment to that ROH subsection in Section 3 and 5 of the bill.
- B. In Section 5 of the bill, amends the reference to the governing State Act in ROH Sections 6-60.1 and 6-60.3 to change the phrase "Regular Session" to "Special Session".
- C. In Section 5 of the bill amends ROH Section 6-60.2(d) to set forth the language of the definition of the term "capital costs" as defined in HRS Section 46-16.8 rather than just referring to the HRS section number.
- D. Adds language to Sections 2, 3, 4, and 5 of the bill to specify the effective date of each section.

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E. Makes miscellaneous technical and nonsubstantive amendments.

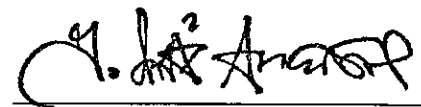
Your Joint Committee on Budget and Transportation and Planning is in accord with the intent and purpose of Bill 45 (2017), as amended herein, and recommends that it pass third reading in the form attached hereto, as Bill 45 (2017), CD1. (Ayes: Manahan, Anderson, Elefante, Fukunaga, Kobayashi, Pine – 6; Noes: None.)

Respectfully submitted,



Budget Committee Chair

Respectfully submitted,



Transportation and Planning
Committee Chair

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ADOPTED ON SEP 06 2017

COMMITTEE REPORT NO. 343



CITY COUNCIL
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HONOLULU, HAWAII

ORDINANCE _____

BILL **45 (2017), CD1**

A BILL FOR AN ORDINANCE

RELATING TO THE TRANSPORTATION SURCHARGE.

BE IT ORDAINED by the People of the City and County of Honolulu:

SECTION 1. Purpose. The purpose of this ordinance is to amend the ordinances pertaining to the county surcharge on general excise and use taxes.

SECTION 2. The following amendment takes effect upon approval. Section 6-60.2, Revised Ordinances of Honolulu 1990 ("Use of funds"), as amended by Ordinance 17-011, is amended by amending subsections (a) and (b) to read as follows:

"(a) As required by HRS Section 248-2.6(d), moneys received from the state derived from the imposition of the surcharge established under this article will be a general fund realization. ~~[Beginning July 1, 2015, moneys]~~ Moneys received from the surcharge may be expended for ~~[the following purpose authorized by state law:~~

(1) ~~Capital]~~ capital costs of a locally preferred alternative for a mass transit project~~[- and~~

(2) ~~Expenses in complying with the Americans with Disabilities Act of 1990 with respect to subdivision (1)-].~~

(b) No moneys received from the surcharge may be used for the following purposes:

(1) ~~[to]~~ To build or repair public roads or highways or bicycle paths, or to support public transportation systems already in existence prior to July 12, 2005~~[-];~~

(2) Operating costs or maintenance costs of the mass transit project or any purpose not consistent with subsection (a); or

(3) Administrative or operating costs, marketing, or maintenance costs, including personnel costs, of the Honolulu Authority for Rapid Transportation or the Department of Transportation Services."

SECTION 3. The following amendment takes effect on December 31, 2022. Chapter 6, Article 60, Revised Ordinances of Honolulu 1990, is repealed.

~~"[Article 60. Transportation Surcharge—Use of Funds~~



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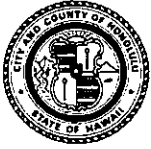
A BILL FOR AN ORDINANCE

~~Sec. 6-60.1 Establishment of surcharge—Conditions.~~

~~Pursuant to Section 2 of Act 247, Session Laws of Hawaii, Regular Session of 2005, codified as Section 46-16.8 of the Hawaii Revised Statutes, there is hereby established a one-half percent general excise and use tax surcharge to be used for purposes of funding the capital costs of public transportation within the City and County of Honolulu as specified herein. The excise and use tax surcharge will be levied beginning January 1, 2007.~~

~~Sec. 6-60.2 Use of funds.~~

- ~~(a) As required by HRS Section 248-2.6(d), moneys received from the state derived from the imposition of the surcharge established under this article will be a general fund realization. Moneys received from the surcharge may be expended for capital costs of a locally preferred alternative for a mass transit project.~~
- ~~(b) No moneys received from the surcharge may be used for the following purposes:~~
 - ~~(1) To build or repair public roads or highways or bicycle paths, or to support public transportation systems already in existence prior to July 12, 2005;~~
 - ~~(2) Operating costs or maintenance costs of the mass transit project or any purpose not consistent with subsection (a); or~~
 - ~~(3) Administrative or operating costs, marketing, or maintenance costs, including personnel costs, of the Honolulu Authority for Rapid Transportation or the Department of Transportation Services.~~
- ~~(c) The annual report of the Board of Directors of the Honolulu Authority for Rapid Transportation required by the Revised Charter of the City and County of Honolulu, must include:~~
 - ~~(1) Any and all costs associated with:~~
 - ~~(A) Contingency and other reserves as recommended by the Federal Transit Administration and as detailed in the Updated Final Financial Plan for the Full Funding Grant Agreement;~~
 - ~~(B) ADA accessibility improvements to the minimum operable segment of the locally preferred alternative for the mass transit project;~~



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- ~~(C) Planning and design costs for route expansion within the limits of the locally preferred alternative adopted by Ordinance 07-001; and~~
- ~~(D) Infrastructure improvements to rail station areas to support affordable housing, as permitted by State and Federal law;~~
- ~~(2) An updated cash balance summary that contains all revenues and expenditures. The summary will include cash balances for each revenue source and each category of project cost showing the cash balance at the start of the accounting period and the cash balance at the end of the period;~~
- ~~(3) A capital improvement program status report in substantially the same form as that submitted by the director of budget and fiscal services for the city's executive capital improvement program; and~~
- ~~(4) All amounts invoiced by and paid to general contractors for the fiscal year just ended. The amounts must be organized by general contractor, separately reflect amounts billed by the general contractor for work done by its subcontractors, and include the following information:~~
 - ~~(A) The names of general contractors and their respective subcontractors;~~
 - ~~(B) The type of services provided by each general contractor and subcontractor;~~
 - ~~(C) A detailed description and justification for the work done by each general contractor and subcontractor; and~~
 - ~~(D) The amount invoiced by and paid to each general contractor, and the amount invoiced by each subcontractor to the general contractor for the described work.~~
- ~~(d) For purposes of this article, "capital costs" means the same as defined in HRS Section 46-16.8, as it may be amended, for a county with a population greater than 500,000.~~

~~Sec. 6-60.3 Repeal of surcharge.~~

~~Pursuant to Section 9 of Act 247, Session Laws of Hawaii, Regular Session of 2005, this article will be repealed on December 31, 2022.]"~~



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SECTION 4. The following amendment takes effect upon approval. Ordinance 17-011 is amended by repealing SECTION 3.

SECTION 5. The following amendment takes effect on January 1, 2023. Chapter 6, Article 60, Revised Ordinances of Honolulu 1990 ("Revolving Special Funds, Housing Mortgage Loans and Fees"), as enacted in Section 4 of Ordinance 16-1, and amended by Section 5 of Ordinance 17-011, is amended to read as follows:

"Article 60. Transportation Surcharge—Use of Funds

Sec. 6-60.1 Establishment of surcharge—Conditions.

Pursuant to Section [2] _____ of Act [247,] _____, Session Laws of Hawaii, [Regular] Special Session of [2005,] 2017, codified as Section 46-16.8 of the Hawaii Revised Statutes, there is hereby established a one-half percent general excise and use tax surcharge to be used for purposes of funding the capital costs of public transportation within the City and County of Honolulu as specified herein. The excise and use tax surcharge will be levied beginning January 1, 2007.

Sec. 6-60.2 Use of funds.

- (a) As required by HRS Section 248-2.6(d), moneys received from the state derived from the imposition of the surcharge established under this article will be a general fund realization. ~~[Beginning July 1, 2015, moneys]~~ Moneys received from the surcharge may be expended for ~~[the following purposes authorized by state law:~~

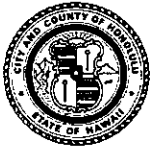
~~(1) Capital]~~ capital costs of a locally preferred alternative for a mass transit project~~[-and~~

~~(2) Expenses in complying with the Americans with Disabilities Act of 1990- with respect to subdivision (1)-].~~

- (b) No moneys received from the surcharge may be used for the following purposes:

(1) [to] To build or repair public roads or highways or bicycle paths, or to support public transportation systems already in existence prior to July 12, 2005[-];

(2) Operating costs or maintenance costs of the mass transit project or any purpose not consistent with subsection (a); or



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(3) Administrative or operating costs, marketing, or maintenance costs, including personnel costs, of the Honolulu Authority for Rapid Transportation or the Department of Transportation Services.

(c) The annual report of the Board of Directors of the Honolulu Authority for Rapid Transportation required by the Revised Charter of the City and County of Honolulu, must include:

(1) Any and all costs associated with:

- (A) Contingency and other reserves as recommended by the Federal Transit Administration and as detailed in the Updated Final Financial Plan for the Full Funding Grant Agreement;
- (B) ADA accessibility improvements to the minimum operable segment of the locally preferred alternative for the mass transit project;
- (C) Planning and design costs for route expansion within the limits of the locally preferred alternative adopted by Ordinance 07-001; and
- (D) Infrastructure improvements to rail station areas to support affordable housing, as permitted by State and Federal law;

(2) An updated cash balance summary that contains all revenues and expenditures. The summary will include cash balances for each revenue source and each category of project cost showing the cash balance at the start of the accounting period and the cash balance at the end of the period;

(3) A capital improvement program status report in substantially the same form as that submitted by the director of budget and fiscal services for the city's executive capital improvement program; and

(4) All amounts invoiced by and paid to general contractors for the fiscal year just ended. The amounts must be organized by general contractor, separately reflect amounts billed by the general contractor for work done by its subcontractors, and include the following information:

- (A) The names of general contractors and their respective subcontractors;



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- (B) The type of services provided by each general contractor and subcontractor;
 - (C) A detailed description and justification for the work done by each general contractor and subcontractor; and
 - (D) The amount invoiced by and paid to each general contractor, and the amount invoiced by each subcontractor to the general contractor for the described work.
- (d) For purposes of this article, "capital costs" means nonrecurring costs required to construct a transit facility or system, including debt service, costs of land acquisition and development, acquiring of rights-of-way, planning, design, and construction, including equipping and furnishing the facility or system. "Capital costs" also include nonrecurring personal services and other overhead costs that are not intended to continue after completion of construction of the minimum operable segment of the locally preferred alternative for a mass transit project.

Sec. 6-60.3 Repeal of surcharge.

Pursuant to Section [7] _____ of Act [240,] _____, Session Laws of Hawaii, [Regular] Special Session of [2015,] 2017, this article will be repealed on December 31, [2027] 2030."

SECTION 6. Ordinance material to be repealed is bracketed and stricken. New ordinance material is underscored. When revising, compiling or printing this ordinance for inclusion in the Revised Ordinances of Honolulu, the Revisor of Ordinances need not include the brackets, the material that has been bracketed and stricken, or the underscoring.



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SECTION 7. The repeal in SECTION 3 of this ordinance takes effect on December 31, 2022. SECTION 5 of this ordinance takes effect on January 1, 2023. The other Sections of this ordinance take effect upon approval.

INTRODUCED BY:

Ron Menor (br)

DATE OF INTRODUCTION:

April 20, 2017
Honolulu, Hawaii

Councilmembers

APPROVED AS TO FORM AND LEGALITY:

Deputy Corporation Counsel

APPROVED this _____ day of _____, 20 _____.

KIRK CALDWELL, Mayor
City and County of Honolulu